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RR RUEHRG
DE RUEHSO #0088 0411638
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FM AMCONSUL SAO PAULO
TO RUEHC/SECSTATE WASHDC 8940
INFO RUEHBR/AMEMBASSY BRASILIA 0096
RUEHRG/AMCONSUL RECIFE 4294
RUEHRI/AMCONSUL RIO DE JANEIRO 9017
RUEHBU/AMEMBASSY BUENOS AIRES 3414
RUEHAC/AMEMBASSY ASUNCION 3661
RUEHMN/AMEMBASSY MONTEVIDEO 2848
RUEHSG/AMEMBASSY SANTIAGO 2661
RUEHLP/AMEMBASSY LA PAZ 4057
RUCPDO/USDOC WASHDC 3248
RUEATRS/DEPT OF TREASURY WASHDC
RHEHNSC/NATIONAL SECURITY COUNCIL WASHDC

UNCLAS SAO PAULO 000088

SIPDIS
SENSITIVE

FOR PM/DTCC - BLUE LANTERN COORDINATOR

E.O. 12958: N/A
TAGS: [ETTC](#) [KOMC](#) [BR](#)
SUBJECT: BLUE LANTERN REQUEST 050139731 - DIGEX

REF: 09 STATE 003638

SENSITIVE BUT UNCLASSIFIED--PLEASE PROTECT ACCORDINGLY

11. (SBU) SUMMARY: On February 9, econoff conducted a site visit to the Digex facility in Sao Jose dos Campos per reftel instructions. The company is bona fide and its security appears adequate to handle to handle U.S. Munitions List (USML) items. END SUMMARY.

12. (SBU) Digex will not purchase any equipment from Defense Technology Equipment, Inc., as stated in reftel. They had requested an initial quote from this company, but chose another U.S. supplier, a company called Derco, instead. Post continued with the Blue Lantern request as though Derco were the seller in reftel.

13. (SBU) Digex is located in an airport hangar just outside of the Sao Jose dos Campos airport. Digex is a relatively small company, consisting of two hangar facilities, 100 employees on site, and with 2008 gross revenue of approximately US\$8 million. While the company normally services commercial aircraft, last year was the first year it began servicing Brazilian Air Force (BAF) cargo jets. Digex has three clients, all based in Brazil: The BAF, Varig Log, and Webjet (a local internet-based charter air service and not the Canadian company of the same name). Renato Cianfone and Jorge Josende founded the company in 1997. Seguranca, a Brazilian hedge fund, also owns a substantial stake. Digex is the end user for all parts and is not a broker.

14. (SBU) The products in reftel arrive in Brazil at the Guarulhos airport (GRU), where a company representative receives them and processes them through customs. The goods are then loaded onto a truck operated by one of two shipping companies, Take Off Services or Master Freight Transport. The Digex representative seals the containers, to protect against tampering while in transit to their site. Upon arrival to the Digex facility, company workers inspect the products on site. Workers put goods without the proper paperwork into the "quarantine" area until they can obtain the proper documentation placing the rest in the stockroom. Digex representatives could not recall an incident when any parts had been stolen or misplaced in transit from GRU to their facility.

15. (SBU) Mechanics who need parts for servicing a plane must first go to their supervisor for a work order request. After approval, they take the service request to the stockroom window. A stockroom employee reviews the request and supplies the requested part. Digex employs a full-time manager in the stockroom to control items. This employee selects twenty items at random each day for an inventory

reconciliation, and twice a year, they conduct a full inventory reconciliation. The stock room itself is locked with a padlock and only authorized personnel are allowed inside. After the mechanic receives a requested part, he or she installs it into the plane. Upon completion of servicing the C-130, the Brazilian Air Force takes back control of the aircraft on site and flies it to their facility at the Galeao airport in Rio de Janeiro (GIG).

16. (SBU) Digex representatives told econoff that they understand the restrictions on United States Munitions List (USML) items, as well as the prohibition against the unauthorized stockpiling of such items. As a good business practice, Digex avoids stockpiling parts it does not need and the sparse looking stockroom appeared to support this assertion. The company keeps parts for the C-130s in a separate air-conditioned area of the stockroom and they are building a separate fence around them. Digex representatives showed econoff a copy of the purchase order for the C-130 parts. All of the parts will go to the Brazilian Air Force, which keeps an office on site to inspect their planes. Digex maintains 24-hour security at its facility.

17. (U) This cable was coordinated/cleared by Embassy Brasilia.

WHITE